

Message Text

SECRET

PAGE 01 MANAGU 03581 290733Z

10

ACTION ARA-10

INFO OCT-01 SS-14 ADP-00 EB-03 AGR-03 NSC-10 NSCE-00 L-02

CIAE-00 INR-10 NSAE-00 RSC-01 INRE-00 TRSE-00 OMB-01

AID-10 SSO-00 COME-00 RSR-01 /066 W

----- 081003

O 290500Z AUG 73

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 2336

INFO AMEMBASSY TEGUCIGALPA IMMEDIATE UNN

S E C R E T MANAGUA 3581

LIMDIS

FOR DELIVERY AT OPENING OF BUSINESS WEDNESDAY, AUGUST 29.

E.O 11652: GDS

TAGS: PFOR, ETRD, ECON, HON, NU

SUBJECT: SUGAR PURCHASE

FOR SHLAUDEMAM FROM AMBASSADOR

REF: STATE 170975

1. I MET WITH GENERAL SOMOZA AT 5 P. M. AUGUST 28 AND ADVISED HIM OF SUBSTANCE OF REFTEL. SOMOZA IN MY PRESENCE TELEPHONED GENERAL LOPEZ IN TEGUCIGALPA ON THE PRETENSE THAT HE WAS CALLING FOR SUGAR INTERESTS OF NICARAGUA TO DETERMINE IF HONDURAS HAS BOUGHT SUGAR FROM CUBA. SOMOZA STATED THAT NICARAGUAN SUGAR INTERESTS WERE CONCERNED THAT SUCH A PURCHASE MIGHT ADVERSELY INFLUENCE ATTITUDE TOWARD CENTRAL AMERICA SUGAR QUOTAS. GENERAL LOPEZ ADVISED SOMOZA THAT TRANSACTION WITH CUBA FOR PURCHASE OF 10,000 TONS OF PLANTATION WHITE SUGAR WAS IN NEGOTIATION BUT HAD NOT BEEN FINALIZED. LOPEZ SAID THAT HONDURAS HAD ATTEMPTED TO BUY SUGAR FROM PERU, MEXICO AND GUATEMALA BUT THAT THEY HAD "DEMANDED OUTRAGEOUS PRICES" AND THAT FOR DOMESTIC POLITICAL REASONS HE (LOPEZ) WAS

SECRET

SECRET

PAGE 02 MANAGU 03581 290733Z

ATTEMPTING TO PURCHASE SUGAR AT A PRICE WHICH WOULD MAKE IT

POSSIBLE TO SELL IT RETAIL IN HONDURAS NOT IN EXCESS OF 10 CENTS PER POUND. CUBA HAD OFFERED PLANTATION WHITE SUGAR AT \$9.25 PER 100 LBS. CIF PURERTO CORTEZ. SOMOZA REMINDED LOPEZ OF THE DIFFICULTIES WHICH HAD BEEN ENCOUNTERED IN THE PAST IN CONNECTION WITH SUGAR QUOTAS AND SAID THAT HE WAS INFORMED BY NICARAGUAN SUGAR PRODUCERS THAT HONDURAS HAD SHIPPED TOO MUCH OF ITS SUGAR FOR SALE IN THE WORLD MARKET AT HIGHER PRICES AND HAD NOT MET ITS U.S. QUOTA AND NOW WAS WITHOUT SUGAR. LOPEZ DID NOT DENY THIS BUT EMPHASIZED THAT HE WAS IN A DIFFICULT POSITION IN ORDER TO MEET DOMESTIC SUGAR NEEDS AND THAT HIS "ECONOMISTS" HAD RECOMMENDED TO HIM THAT PURCHASE FROM CUBA WAS BEST SOLUTION. LOPEZ ARGUED THAT PRICE WAS THE ONLY ISSUE AND THAT TRADE WITH CUBA WAS NOT OF INTEREST TO HONDURAS AND THAT HONDURAS HAD NO COMMERCIAL RELATIONS WITH CUBA NOR DID IT INTEND TO HAVE ANY. SOMOZA EMPHASIZED TO LOPEZ THAT HE WISHED TO ADVISE HIM AS A CLOSE PERSONAL FRIEND, THAT HE FELT THAT HIS POSITION WAS "PENNY-WISE AND DOLLAR-FOOLISH", AND THAT THE PURCHASE OF SUGAR FROM CUBA WOULD SET A PRECEDENT WHICH COULD NOT HELP BUT WORK TO HIS DISADVANTAGE AND WAS A MOVE WHICH CONCERNED HIM GREATLY. LOPEZ ASSURED SOMOZA THAT HE HAD NOT AS YET CONSUMATED THE DEAL WITH CUBA, BUT SAID THAT IT WAS ABSOLUTELY NECESSARY FOR HIM TO HAVE SUGAR AT A REASONABLE PRICE AND HE HAD FOUND IT UNAVAILABLE ELSEWHERE. LOPEZ TOLD SOMOZA THAT HE WAS MEETING WITH THE U.S. AMBASSADOR TO HONDURAS ON AUGUST 29 AND HE ASSUMED THAT THIS SUBJECT WOULD BE RAISED AT THAT TIME "AND INDEED WOULD PROBABLY BE THE MAIN TOPIC." SOMOZA AGAIN EXPRESSED HIS CONCERN AND THE CONCERN OF THE SUGAR INTERESTS OF NICARAGUA OVER THIS BREAK IN THE SOLID POSITION WHICH HAD BEEN MAINTAINED BY CENTRAL AMERICAN COUNTRIES REGARDING TRADING WITH CUBA. SOMOZA ASKED LOPEZ TO DEFER FURTHER ACTION ON THE TRANSACTION UNTIL HE COULD EXPLORE POSSIBLE ALTERNATIVE SOURCES OF SUGAR FOR HIM. LOPEZ SAID HE WOULD HOLD EVERYTHING FOR 48 HOURS, (THE TIME SPAN APPARENTLY RELATED TO HIS (LOPEZ') TRIP SATURDAY TO GUATEMALA AND SOMOZA'S WEEK LONG VISIT TO CARACAS BEGINNING ON SAME DATE.)

2. SOMOZA THEN TELEPHONED PRESIDENT FIGUERES IN COSTA RICA AND ASKED HIM IF HE WOULD IMMEDIATELY DETERMINE WHAT SUGAR COULD BE MADE AVAILABLE FROM COSTA RICA. FIGUERES PROMISED TO ADVISE SOMOZA WITHIN 24 HOURS.

SECRET

SECRET

PAGE 03 MANAGU 03581 290733Z

3. SOMOZA TELEPHONED PRESIDENT MOLINA OF EL SALVADOR, BUT MOLINA WAS AWAY FROM HIS RESIDENCE FOR THE EVENING AND COULD NOT BE REACHED BY TELEPHONE.

4. SOMOZA THEN TELEPHONED ALFREDO PELLAS (PRINCIPAL SUGAR PRODUCER OF NICARAGUA) AND PELLAS ADVISED THAT THERE WERE NOT SUFFICIENT STOCKS OF SUGAR AVAILABLE IN NICARAGUA TO MEET U.S.

QUOTA AND SALE TO HONDURAS.

5. SOMOZA HAS SUGGESTED THAT USG MIGHT WISH TO EXPLORE POSSIBILITY OF OBTAINING 10,000 TONS OF SUGAR FROM DOMINICAN REPUBLIC, IF HE IS UNABLE TO OBTAIN REQUIRED AMOUNTS FROM COSTA RICA AND EL SALVADOR.

6. SOMOZA STATES THAT WORLD PRICE OF SUGAR IS APPROXIMATELY \$9 PER 100 LBS. AT PRESENT, BUT THAT SCARCITY IN LATIN AMERICA AREA IS CAUSING THOSE WITH SUGAR TO ESCALATE PRICE.

7. SOMOZA STATES THAT HE IS CONVINCED THAT LOPEZ DOES NOT WISH TO PURCHASE SUGAR FROM CUBA BUT HAS BEEN OFFERED NO ALTERNATIVE AT A PRICE WHICH WOULD BE ACCEPTABLE TO HONDURAN PUBLIC, AND IF ALTERNATIVE SUGAR SOURCES CAN BE FOUND, LOPEZ WILL NOT REPEAT NOT COMPLETE DEAL WITH CUBA, OTHERWISE SOMOZA IS CONVINCED HE PROBABLY WILL.

8. SOMOZA HAS EXPRESSED DESIRE TO BE OF ANY FURTHER ASSISTANCE POSSIBLE AND WOULD APPRECIATE ANY SUGGESTIONS.
SHELTON

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, PROCUREMENT, IMPORT QUOTAS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 AUG 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANAGU03581
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS SHELTON
Errors: N/A
Film Number: n/a
From: MANAGUA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973088/aaaaafuy.tel
Line Count: 139
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS
Reference: STATE 170975
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 23 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23-Jan-2002 by martinml>; APPROVED <12 FEB 2002 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUGAR PURCHASE FOR SHLAUDEMAN FROM AMBASSADOR
TAGS: PFOR, ETRD, ECON, HO, NU, CU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005